

Narmada Gelatines Limited

March 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	31.35 (Enhanced from 16.40)	CARE BBB; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	20.00 (Reduced from 21.60)	CARE BBB; Stable / CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Narmada Gelatines Limited (NGL) continue to derive strength from its established track record of operations for over five decades in gelatine manufacturing, reputed customer base from which it is getting repeated orders and adequate liquidity. Care Ratings Ltd (CareEdge Ratings) takes cognisance of the improved profitability of NGL during 9MFY26 (FY refers to the period from April 01 to March 31) leading to further strengthening of its overall financial risk profile. Ratings, are however, constrained due to NGL's moderate scale of operations and vulnerability of its profitability to volatile raw material prices and product concentration risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in total operating income (TOI) above ₹220 crore while maintaining its existing profit before interest, lease rental, depreciation and taxes (PBILDT) margin and financial risk profile.
- Sustenance of the comfortable financial risk profile along with maintaining adequate liquidity.

Negative factors

- Decline in TOI below ₹150 crore and/or decline in PBILDT margin below 10% on a sustained basis.
- Any debt-funded capex/acquisition resulting in overall gearing above 0.5x.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings' expectation that the company shall continue to benefit from its experienced promoters and would maintain strong financial risk profile backed by improved and healthy profitability level and low reliance on debt.

Detailed description of key rating drivers:

Key strengths

Established track record of operations with expected synergy benefit from Pioneer Jellice Group (PJG)

NGL has over five decades of track record of operations in Gelatine manufacturing. In June 2023, , Pioneer Jellice Group (PJG -the group) acquired 75% stake in NGL. Subsequently, in December 2024, NGL and the group together acquired approximately 53% stake in India Gelatine & Chemicals Limited (IGCL), of which NGL holds 14%.

NGL continues to benefit from the group's synergies, including enhanced technical expertise, improved access to export markets, adoption of best practices, thereby strengthening overall operational efficiency and improved profitability.

Improved profitability and strong financial risk profile

NGL's profitability has historically fluctuated due to volatile raw material prices. However, over the last three fiscal years ended FY25, it has shown an upward trend. In FY25, NGL's PBILDT margin improved by 138 bps to 12.96% (FY24: 11.58%) and further to 18.26% in 9MFY26 (9MFY25: 12.28%).

The improvement in the profitability was supported by process improvement measures undertaken, rationalisation of power and fuel cost with commercialisation of 2.15 MW of solar plant and moderation in the coal prices along with improvement in the di-calcium phosphate (DCP) prices. CareEdge Ratings believes NGL to sustain PBILDT margin 18-20% in near term and is further envisaged to improve with economies of scale and completion of the on-going of capex.

NGL's capital structure has remained largely debt free in the past. However, in FY25, NGL has availed term loans and working capital facilities resulting in overall gearing of 0.11x on a net worth base of ₹119.45 crore. Debt coverage indicators remained

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

comfortable marked by PBILDT interest coverage ratio of 20.05x (FY24: 81.14x) and a total debt to gross cash accruals (GCA) of 0.42x (Nil) as on March 31, 2025

Reputed customer base

NGL has developed strong relationships with key customers, which has helped them in getting repeated orders. NGL's customer base includes some of the reputed pharma/capsule manufacturers such as Geltec Private Limited, ACG Associated Capsules Pvt Ltd, Fortcaps Healthcare Limited among others for gelatine. DCP is sold to local customers. Further, top 10 customers have contributed ~42% of total sales for FY25. (39% for FY24).

Key weaknesses

Moderate scale of operations

NGL's TOI grew at compounded annual growth rate (CAGR) of ~9% during last five years and stood at ₹188.81 crore for FY25. TOI remained stable at ₹188.81 crore in FY25 over FY24 due to stable sales volume and product prices.

In 9MFY26 (UA), NGL reported TOI of ₹154.35 crore (9MFY25: ₹139.15 crore). For FY26, TOI is envisaged to grow by over 15% over FY25.

Profitability susceptible to raw material price volatility

Crushed animal bones are the key raw materials for NGL and its market is highly unorganised, which exposes NGL's margin to volatility in its prices. However, with reduced bone-based gelatine production in Europe, prices have moderated to some extent. Though NGL procures large part of its raw material from domestic market, it has started importing some part of its raw material requirement in bid to diversify its supply chain and to avail better pricing. NGL has been manufacturing and selling two major products – Gelatin (which accounted for 75% of the net sales during FY25 and DCP which accounted for remainder of the sales). The growing demand for vegetarian and vegan products has led to an increase in plant-based gelatine substitutes, which may pose a challenge to a traditional animal-based gelatine market, given cultural and religious restrictions.

Planned capex and expected benefits

NGL plans to enhance its manufacturing capacity and upgradation of machinery at an estimated cost of ₹33.00 crore over two year. This project expected to be funded through a term loan of ₹25 crore and the remaining by internal accruals. The upgrades are expected to increase production capacity of Gelatine by 600MT and DCP by 1,500MT and reduce operational costs. The commercial production is envisaged from Jan 2027, and hence completion in envisaged time and cost parameter would remain crucial for the credit perspective.

Liquidity: Adequate

NGL's liquidity remains adequate, with envisaged GCA of ₹29-30 crore as against scheduled debt repayments of ₹2-3 crore in FY26. In 9MFY26, NGL has generated cash accruals of ₹20.81 crore (9MFY25: ₹13.77 crore). NGL has fund based working capital limits of ₹20 crore, average utilization of which remained very low at ~14% for past ten months ended January 2026, with a maximum utilization of 29%.

NGL's operating cycle remained elongated at 113 days in FY25 (FY24: 116 days) due to higher processing and inventory holding period. The current and quick ratio remained comfortable at 2.55x and 0.98x as on March 31, 2025 (P.Y.: 4.16x and 1.95x respectively).

The cashflow from operations remained positive at ₹16.31 crore (FY24: ₹14.56 crore). NGL paid ₹6.05 crore in dividend in 9MFY26 and has consistently paid dividend in the last five years, except for FY24, which led to a decline in net worth. Higher-than-envisaged dividend resulting in increase in reliance on debt remains crucial and hence a key rating monitorable.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Specialty Chemicals

Incorporated in 1961, NGL (CIN: L24111MP1961PLC016023) is a listed company, engaged in manufacturing Gelatine and its by products, such as di-calcium phosphate (DCP) and Ossein. NGL has a manufacturing capacity of 2400 MT per annum for Gelatine and 10,600 MT per annum of DCP. The manufacturing facility of the company is near Jabalpur, Madhya Pradesh. In June 2023, NGL has been taken over by PJG by acquiring 75% stake from Alfamont (Mauritius) Limited.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	181.56	188.81	154.35
PBILDT*	21.02	24.47	28.18
Profit after tax (PAT)	15.90	17.21	18.86
Overall gearing (x)	0.00	0.11	NA
Interest coverage (x)	81.14	20.05	38.60

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: None

Any other information: None

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Cash Credit		-	-	-	20.00	CARE BBB; Stable / CARE A3+
Term Loan-Long Term		-	-	31-03-2030	31.35	CARE BBB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	31.35	CARE BBB; Stable	1)CARE BBB; Stable (08-Apr-25)	-	-	-
2	Fund-based - LT/ ST-Cash Credit	LT/ST	20.00	CARE BBB; Stable / CARE A3+	1)CARE BBB; Stable / CARE A3+	-	-	-

					(08-Apr-25)			
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LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Cash Credit	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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